

Prepared statement of  
**Partners for Rural America**  
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on behalf of  
State Rural Development Councils  
before the  
U. S. House of Representatives  
Committee on Agriculture  
**Subcommittee on Conservation, Credit, Rural Development, and Research**  
**Regarding rural development programs in the next Farm Bill**  
June 26, 2001

Mr. Chairman, Mr. Hillard, and members of the Subcommittee, I am pleased to be here today representing America's state rural development councils (SRDCs) to provide you with some of our thoughts related to rural development programs that might be included in the next Farm Bill.

The first state rural development councils were established over a decade ago to help the US Department of Agriculture and the federal government advance provisions of the Rural Development Policy Act of 1980 which called for greater coordination in the formulation and administration of rural development policies and programs. Today, SRDCs operate in 40 states and, with the Washington-based National Rural Development Council, comprise the National Rural Development Partnership (NRDP).

While SRDCs influence the formation of policies affecting rural areas, they do not, themselves, generally make policy. For the most part, SRDCs do not deliver or administer government programs in rural areas. Many other agencies and organizations — some of them represented at this table this afternoon — already do an excellent job in that regard.

What SRDCs do, on the state and national levels, is facilitate greater coordination among federal agencies that have policies and programs with impacts on rural America. In addition, SRDCs promote greater collaboration among federal agencies and state, local and tribal governments and the for-profit and not-for-profit sectors. The goal of these collaborative efforts is to increase the efficiency and effectiveness of efforts to expand economic and social opportunities for rural communities and their residents. SRDCs provide feedback to government agencies on how programs are working and facilitate mitigation of administrative and regulatory barriers that confront local communities. The councils also seek to empower local leaders so that they — working with governmental and non-governmental entities at all levels — can do a better job of finding local solutions to local challenges.

I will say a few more words about SRDCs and the NRDP later in my testimony. In addition, I will provide you with information related to legislation we have proposed which would strengthen SRDCs and which will enhance efforts to better coordinate rural

policies and programs in the United States. This proposal could be considered by this Subcommittee either as free-standing legislation or as a component of the next Farm Bill.

**Farm Bill issues** I would like to briefly address a number of issues you might consider as you draft the rural development title of the next Farm Bill.

First, we believe Congress got it right when it laid out the basic philosophy governing rural development programs contained in the 1996 Farm Bill. The 1996 Farm Bill Conference Committee Report declared that federal rural development efforts should be “based on three fundamental concepts: (A) People at the state and local level are in the

federal grants to help provide essential services. You should carefully analyze this need and adjust funding levels for grants where appropriate.

Fifth, while we have not taken a position on the block-granting of federal rural development funds to the states, we believe there are three key points you should keep in mind if you move in that direction: Point #1 – Before approving any form of rural development block grants, you should be convinced that the states will be able to leverage the amount of money they receive up to the point where the effect on the ground will be the same as it would have been had the funds been administered by USDA; Point #2 – Any rural development funds that are block-granted to the states must be included in a comprehensive state rural development plan which takes into account both federal and state resources; and Point #3 – You should ensure that funds that are block-granted to the states are used for the purposes for which the funds were appropriated by Congress.

Sixth, agricultural policy is not the same thing as rural community development policy and vice versa. While seeking synergies where they can be found, we believe Congress — as part of the next Farm Bill — must set forth a clear national rural community development policy. Such a policy should not be a top-down prescription for micro-managing how rural communities address the challenges they face. Instead, it should delineate a series of goals that can be worked toward during the period covered by the next Farm Bill. Just a few of goals that suggest themselves include: that every rural American shall have access to a clean, safe domestic water supply; that every rural community shall have access to broadband telecommunications services; that every rural American shall have access to decent, affordable housing; that all rural Americans shall have access to entrepreneurial and business development programs equivalent to those available in urban areas; that all rural Americans shall have access to affordable health care services; that rural communities shall have access to essential transportation services and that cooperative businesses shall have access to federal benefits commensurate with those available to private business corporations.

Seventh, notwithstanding point six above, we believe the next Farm Bill should do a better job of linking production agriculture and rural development strategies, even in rural communities where agriculture is no longer the economic engine it once was. The health of production agriculture has a direct impact on the health of “Main Street.” We must realize, however, that American agriculture has changed radically in the past decade or two. Agricultural and rural development policies that may have served us well in the past no longer seem to work. The change in production agriculture has been caused, in large part, by the effects of consolidation and globalization. While some people want to fight consolidation and globalization, the more positive approach is to look for new opportunities created by the new economy, and we believe there are many new opportunities. A key component will be business development programs administered by USDA and other federal agencies. Cooperatives and community-owned businesses can provide great opportunities for utilizing agricultural commodities, for giving farmers a greater share of the American food dollar, for creating family-sustaining jobs in rural communities, and for keeping more of the wealth created by the growing and processing of agricultural commodities in the rural communities where they are produced. In this

regard, we believe that the mission and funding of USDA cooperative programs should be expanded; that other federal business and economic development programs should encourage more cooperative ventures; and that Cooperative Extension should be energized to identify new markets for farmers (particularly growing ethnic markets), new commodities farmers can produce, new products that can be produced from these commodities, and new strategies by which farmers and rural communities can retain more of the value of what they produce..

Let me mention that SRDCs have established a new national taskforce to look at the connection between agriculture and rural economic development, the NRDP Agriculture and Rural Economic Development Task Force. The NRDP Task Force, in collaboration with other divisions of USDA has launched a nationwide study of the role of the food and fiber system (FFS) in state economies and how the FFS is being incorporated into state economic development strategies. This study will provide, for the first time, an analysis of the role that the food and fiber system plays in the economic vitality of rural America at the state and local level. It will also document "best practices" for replication in all states.

**Why is greater coordination of rural development efforts essential?** Let me now move on to the main focus of my testimony: the need for greater coordination in the formulation and administration of policies and programs affecting rural areas. Why should we be concerned about this issue? There are several reasons:

First, there are a great number of individual federal programs that benefit rural areas that are administered by a great number of agencies.

Second, too often, federal agencies administer their programs in isolation without identifying how their efforts can leverage or be leveraged by resources from other federal agencies.

Third, too often, federal agencies do not reach out to state, local, and tribal governments that administer potentially complementary programs and do not engage the for-profit and not-for-profit private sectors, particularly foundations.

Fourth, the existence of so many programs and resources often results in duplication and inefficiency.

Fifth, too often federal programs do not operate within the framework of holistic local and statewide rural development plans, thereby resulting in fragmented efforts. This is especially important because the individual components that come together to define a rural community do not exist in isolation; they are all interconnected. A decline in agricultural production or the closing of a manufacturing facility in a rural community has an impact that goes beyond those who lose their jobs; it creates ripples throughout the entire community.

And sixth, it is virtually impossible for rural leaders to know about all available programs from which they might benefit; it is difficult for rural leaders to take advantage of programs they know about because of limited capacity; and — because most programs operate in isolation — it is difficult for rural leaders to develop holistic strategies to address community-wide needs.

A 1994 General Accounting Office study identified the magnitude of the challenge facing rural leaders. The study identified almost 830 federal programs that benefit rural areas, among which were:

- 35 economic development programs administered by five different agencies;
- 84 infrastructure programs administered by 13 different agencies.
- 109 agriculture/natural resources programs administered by six different agencies;
- and 461 human resources programs administered by 17 different agencies.<sup>2</sup>

Add to all these federal programs countless additional programs administered by other levels of government and additional resources available from foundations and others. The point here is not that there are too many resources available to rural communities. Rural needs are great and growing. The point is that increased collaboration among agencies and increased coordination among programs is needed to generate the greatest benefit for rural America.

This is the challenge.

**Past efforts to better coordinate rural development efforts.** The recognition that we need to address the needs of rural communities in a more coordinated and holistic manner is not new.

President Theodore Roosevelt recognized this fact almost a century ago when he appointed the Country Life Commission in 1908. The Commission was charged with identifying strategies by which farm income could be increased and, equally important, strategies by which the quality of life in rural areas could be improved. The Commission took a comprehensive look at economic and social conditions in rural America; it recognized the interconnected nature of rural communities; and proposed holistic solutions to address the needs of farmers and their rural neighbors. To increase farmers' incomes, the Commission urged the expansion of farmer-owned cooperatives, better training for agricultural workers, and an increased role for Cooperative Extension. To increase the quality of life of rural Americans, they recommended improvements in transportation, health care, and education and urged that rural areas receive the benefits of electrification.<sup>3</sup>

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<sup>2</sup> United States General Accounting Office, *Rural Development: Patchwork of Federal Programs needs to be Reappraised*, GAO/RCED-94-165, Washington, D.C., 1994.

<sup>3</sup> US Congress, Senate, *Report of the Country Life Commission*, 60<sup>th</sup> Congress, 2<sup>nd</sup> Session, S. Doc 705.

A quarter century later, Congress, at the behest of President Franklin Roosevelt, authorized the nation's first large scale rural development programs to provide electric service and later telephone service, affordable housing, agricultural development, and a myriad of social programs through the many New Deal agencies.

Thirty years ago, Congress and the Executive Branch initiated a series of efforts intended to bring greater coordination to federal rural community development efforts. Here is a brief overview of those efforts:

- 1969 – The Council for Rural Affairs established by President Nixon.<sup>4</sup>
- 1972 – The Rural Development Act of 1972 provided that the USDA Secretary should coordinate a nationwide rural development effort in cooperation with state and local governments.<sup>5</sup>
- 1972 – President Nixon called for consolidation of all rural community development programs in a new federal Department of Community Development, declaring “One of the most significant barriers to effective planning and coordination in rural areas has been the fragmentation of federal efforts. Too many programs which should be closely related are operating as very separate entities. As a result, state and community leaders must often run a complex obstacle course in order to obtain development assistance. Frequently, there is poor coordination and wasteful duplication and in some cases the action of one federal agency actually conflicts with that of another.”<sup>6</sup>
- 1973 – President Nixon established the Assistant Secretaries Working Group for Rural Development. This effort was hampered by lack of authority for the USDA Secretary to require coordination of rural development efforts by non-USDA agencies.
- 1980 – The Rural Development Policy act of 1980 directed the USDA Secretary to “provide leadership within the executive branch for and ... assume responsibility for coordinating, a nationwide rural development program using the services of executive branch departments and agencies, including, but not limited to, the agencies, bureaus, offices, and services of the Department of Agriculture, in coordination with rural development programs of State and local governments.”<sup>7</sup>

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<sup>4</sup> Executive Order 11493, *Federal Register* (15 November 1969) vol. 34, no. [ ], page 18289.

<sup>5</sup> P.L. 92-419, 86 Stat. 670.

<sup>6</sup> U.S., President, *Public Papers of the Presidents of the United States* (Washington, D.C., National Archives and Records Service, 197\_\_), Richard M. Nixon, 1972, no. 33.

<sup>7</sup> P.L. 96-355, 94 Stat. 1171.

- 1990 – The Presidential Initiative on Rural Development called for the establishment of:
  - > President’s Council on Rural America to advise the federal government on improving federal rural development policy.
  - > State rural development councils to identify and assess local rural development needs and coordinate the delivery of federal and state rural development programs to meet those needs.
  - > Economic Policy Council Working Group on Rural Development to implement rural development initiatives developed by the President’s Council on Rural America and approved by the Administration.<sup>8</sup>
  
- 1990 – The 1990 Farm Bill authorized the establishment of State Rural Economic Development Review Panels to facilitate local and sub-state planning and to prioritize projects seeking federal financial assistance. The Panels were to be composed of federal, state, and local government officials and representatives of various statewide interest groups.
  
- 1992 – The Report of the President’s Council on Rural America recommended:
  - > Appointment of a permanent Senior White House Advisor on rural development issues.
  - > Continued strong support for the White House Policy Coordinating Group/Working Group on Rural Community Development and the appointment by each federal agency of a “rural affairs officer” to serve as a member of the Working Group.
  - > Appointment of a permanent President’s Advisory Council on Rural America to be composed of individuals from the private sector.
  - > Creation by state governors of a rural policy structure similar to that proposed for the federal government.
  - > Continued support be given to further the creation and maintenance of State Rural Development Councils in all states as a means for promoting cooperation between the federal government and state levels of government, local governments, and the private sector.

The report stated: “We believe the experiment in establishing State Rural Development Councils offers great potential for introducing a new era in the management of government.” ... “The State Rural Development Councils have responsibility for building effective partnerships and long-term strategies for achieving economic and social progress within their states. They are needed to remove barriers and to provide a forum in which effective action can occur

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<sup>8</sup> *Rural Economic Development in the 90s, A Presidential Initiative: The findings of the Economic Policy Council Working Group on Rural Development*, January 1990.

between Federal and state governments, as well as local governments, educational institutions, Indian tribes, and the private sector.”<sup>9</sup>

- 1996 – The 1996 Farm Bill:
  - > Called for the development of state-by-state rural development strategic plans to take into account economic, human, and community development needs and to include all resources — non-federal as well as federal — which could be used to advance the goals of the plans. SRDCs were to be included among those involved in developing state plans and, in many cases, SRDCs actually facilitated the development of plans for USDA/RD State Directors.
  - > Called for the USDA Secretary to establish a rural development interagency working group to “ establish policy for, coordinate, make recommendations with respect to, and evaluate the performance of, all Federal rural development efforts.”
  - > Expected “the National Rural Development Partnership to be the foundation upon which the Interagency Working Group is established.” ... “The Managers believe that the [National Rural Development] Partnership should continue its role in monitoring and reporting on policies and programs that work, as well as those that fail, to address the needs of rural America.”
  - > Identified several specific responsibilities for SRDCs: “The State Councils are expected to play a role in the formulation of local needs assessments and in the development of state criteria for the distribution of RCAP funds. RDCs will continue to play the role of monitor and trouble-shooter for each state and work with the Partnership and Interagency Working Group to advance the goals of RCAP.”
- 2000 – Senators Larry Craig and Kent Conrad, along with 28 colleagues, introduced the National Rural Development Partnership Act. The bill, which will be introduced in both the Senate and House of Representatives this year, would formally establish the National Rural Development Partnership and its two principal components, the state rural development councils and the National Rural Development Coordinating Committee (currently known as the National Rural Development Council).

The bill directs SRDCs to:

- > “facilitate collaboration among Federal, State, local, and tribal governments and the private and nonprofit sectors in the planning and implementation of programs and policies that target or have an impact on rural areas of the State;
- > enhance the effectiveness, responsiveness, and delivery of Federal and State programs in rural areas of the State;
- > gather and provide to the Coordinating Committee and other appropriate organizations information on the condition of rural areas in the State;

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<sup>9</sup> *Revitalizing Rural America through Collaboration: A Report to the President*, President’s Council on Rural America, August 1992.

- > monitor and report on policies and programs that address, or fail to address, the needs of the rural areas of the State;
- > facilitate the formulation of local needs assessments for the rural areas of the State and participate in the development of criteria for the distribution of Federal funds to the rural areas of the State;
- > provide comments to the Coordinating Committee and other appropriate organizations on policies, regulations, and proposed legislation that affect or would affect the rural areas of the State;
- > in conjunction with the Coordinating Committee, facilitate the development of strategies to reduce or eliminate conflicting or duplicative administrative or regulatory requirements of Federal, State, local, and tribal governments;

Among other things, the bill directs the Coordinating Committee to:

- > facilitate coordination among Federal programs and activities, and with State, local, tribal, and private programs and activities, affecting rural development;
  - > enhance the effectiveness, responsiveness, and delivery of Federal programs in rural areas;
  - > gather and provide to Federal authorities information and input for the development and implementation of Federal programs impacting rural economic and community development;
  - > review and comment on policies, regulations, and proposed legislation that affect or would affect rural areas;
  - > develop and facilitate strategies to reduce or eliminate administrative and regulatory impediments.
- 2001 – The Congressional Rural Caucus asked President Bush to consider five proposals to enhance coordination of federal rural community development efforts:
    - > Appoint a Special Assistant to the President for Rural Affairs
    - > Designate Rural Policy Leadership within each Federal Department.
    - > Establish an Interdepartmental Working Group for Rural Affairs.
    - > Convene a White House Conference on Rural America
    - > Increase Presidential Leadership on rural policy issues.

**Where do we go from here?** The benefits that can flow from increased coordination of rural development efforts are clear. Also clear is the fact that many initiatives to increase such coordination have come forth from Congress and several Presidents. The obvious question is “why hasn’t it happened to any great extent?” There are many reasons why, but probably the greatest is that the political will has not existed to make it happen.

It is our hope that debate leading up to the next Farm Bill will create an overwhelming desire to finally put in place mechanisms which will allow this long sought coordination to occur. There are several things this Subcommittee can do to help this process:

- First, to increase coordination with other Congressional Committees and Subcommittees which have jurisdiction over policies, agencies, and programs that affect rural areas;
- Second, to study whether the responsibility for coordinating federal rural policies and programs should be retained by the Department of Agriculture or raised to another level, either in the White House or in a newly established independent agency.
- Third, to capture the best ideas of the past for better coordinating rural development efforts and, where appropriate, to include them in the Farm Bill. This would include the recommendations of the Congressional Rural Caucus, which we strongly support.
- Fourth, to either pass the National Rural Development Partnership Act as a free-standing bill or to include it in the Farm Bill. We strongly believe the answer to the challenge of better coordinating rural development efforts will not just be found within the "Washington Beltway." There needs to be an interactive connection between rural development policy makers in Washington and rural development planners and practitioners in the states and local communities. SRDCs have been providing that link for more than a decade. While they are not perfect, they deserve recognition, support, and adequate funding.

Before I close, let me just say a word about the current financial condition of the NRDP and SRDCs. From their beginning, the SRDCs and NRDP have depended on voluntary contributions of discretionary funds from USDA and four other federal agencies. They have never had a sufficient and predictable source of funding. This funding scheme has always been inadequate and finally broke down completely last year. Had it not been for enlightened action at the beginning of the Bush Administration, the SRDCs would have ceased to receive federal funds at the end of March of this year. Many would have had to suspend operations. We are still working to put in place the funds that will be needed to carry the SRDCs through the end of this fiscal year. The recently approved Agricultural Appropriations Bill for federal fiscal year 2002 contains no funding for the NRDP and SRDCs. We strongly believe that if Congress is seriously interested in seeing that policies and programs that affect rural America are better coordinated and that all agencies, organizations, foundations, and corporations that have resources to invest in rural America do so in a more holistic manner, Congress will have to provide adequate resources out into the future to allow this to occur. If the SRDCs are allowed to go out of business, the efforts of more than a decade will be lost and rural America will be the poorer for it. Mr. Chairman, we look to you and your colleagues to help us secure the needed funding to sustain one of the few in-place initiatives that is facilitating better coordination of rural development efforts in this country: the SRDCs and the NRDP.

In conclusion, Mr. Chairman, let me say again that we all need to do a better job of coordinating rural development policies and programs in the United States. The next Farm Bill provides a perfect vehicle for moving us closer to this goal. However, this goal will only be achieved if there is a sustained will to see the job through. Mr. Chairman, America's state rural development councils stand ready to help you and your colleagues get the job done.